

Message Text

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PAGE 01 PARIS 32808 092123Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 STR-05 /107 W
-----027606 101116Z /17

R 091801Z NOV 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 1458
INFO AMEMBASSY TOKYO

C O N F I D E N T I A L PARIS 32808

USOECD

E.O. 11652: GDS
TAGS: OECD, ECON, JP
SUBJECT: OECD TARGETRY EXERCISE: JAPANESE SUBMISSION

1. FOLLOWING UNILATERAL U.S. PROVISION OF 1978 OBJEC-
TIVES SUBMISSION TO JAPANESE DELEGATION TO OECD (PER
STATE 248134 AND PARIS 32381), WE HAVE RECEIVED THE
JAPANESE SUBMISSION ON A CONFIDENTIAL BASIS. THE VERBA-
TIM TEXT OF THE SUBMISSION IS AS FOLLOWS:

BEGIN QUOTE

MR. EMILE VAN LENNEP PARIS, 18TH OCTOBER 1977
SECRETARY-GENERAL
O.E.C.D.

SIR,

UNDER INSTRUCTION FROM MY GOVERNMENT, I AM FORWARDING
TO YOU THE FOLLOWING INFORMATION WHICH WAS REQUESTED IN
YOUR LETTER DATED 6TH JULY 1977 (REF: EL-2353), REGARD-
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PAGE 02 PARIS 32808 092123Z

ING PROVISIONAL PROSPECTS FOR THE JAPANESE ECONOMY IN
1978.

1. THE JAPANESE GOVERNMENT CUSTOMARILY MAKES NO ECONOMIC
FORECASTS FOR THE CALENDAR YEAR BUT RATHER FOR THE FIS-
CAL YEAR WHICH STARTS IN APRIL AND ENDS IN MARCH. POLICY
DIRECTIONS OF ECONOMIC AND FISCAL MANAGEMENT FOR F.Y.

1978 HAVE NOT AS YET BEEN DECIDED. THE GOVERNMENT ECONOMIC FORECAST FOR F.Y. 1978 WILL BE DETERMINED AROUND DECEMBER OF THIS YEAR OR JANUARY OF THE NEXT. THEREFORE, THE FOLLOWING ESTIMATES ARE EXTREMELY TENTATIVE.

2. REAL GNP IN 198 IS ANTICIPATED TO GROW BY ABOUT 6 PERCENT AND DOMESTIC DEMAND IS ANTICIPATED TO EXPAND BY A SLIGHTLY HIGHER RATE THAN THAT OF GNP.

3. THE RATE OF INCREASE IN CONSUMER PRICES AND WHOLESALE PRICES IS ANTICIPATED TO BE AROUND A LITTLE OVER 7 PERCENT AND AROUND A LITTLE BELOW 4 PERCENT RESPECTIVELY.

4. AS FOR THE BALANCE OF PAYMENTS, ALTHOUGH MANY UNCERTAIN FACTORS STILL REMAIN IN WORLD TRADE, IT IS ANTICIPATED THAT THE SURPLUS OF THE CURRENT ACCOUNT OF 1978, AS THE GENERAL TREND, WILL DECREASE BY A CONSIDERABLE AMOUNT COMPARED WITH THAT OF 1977 (AROUND 3 BILLION DOLLARS, ALTHOUGH A CERTAIN RANGE OF ALLOWANCE SHOULD BE TAKEN INTO ACCOUNT WITH THIS FIGURE.) THE BALANCE OF LONG-TERM CAPITAL ACCOUNT IS EXPECTED TO CONTINUE TO SHOW A LARGE DEFICIT.

I SHOULD LIKE TO REAFFIRM THE UNDERSTANDING CONTAINED IN PARAGRAPH 2 OF YOUR LETTER, THAT THIS INFORMATION
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PAGE 03 PARIS 32808 092123Z

WILL BE TREATED AS CONFIDENTIAL.

ACCEPT, SIR, THE ASSURANCE OF MY HIGHEST CONSIDERATION.

/SIGNED/ TSUYOSHI HIRAHARA
AMBASSADOR
PERMANENT REPRESENTATIVE

END QUOTE
SALZMAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, ECONOMIC REPORTS, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PARIS32808
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770415-0549
Format: TEL
From: PARIS USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771177/aaaacnnh.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 662e2f1e-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 649089
Secure: OPEN
Status: NATIVE
Subject: OECD TARGETRY EXERCISE: JAPANESE SUBMISSION
TAGS: ECON, JA, OECD
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/662e2f1e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009